

January 2003

## Calendar of Events

### Published by:

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### In Cooperation With:

State of Utah International Business  
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Division of Business & Economic  
Development  
Department of Community & Economic  
Development  
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**January 23**  
**2:00-4:30 p.m.**

**Topic:**

#### INT'L TRADE FINANCE WORKSHOP

Salt Lake Chamber of Commerce  
175 East 400 South, Suite 600, Salt Lake City  
*Basic International Trade Finance*  
(part 3 of 4 part series)

Cost: Free of charge. Please register by phone:  
801/524-5116 or e-mail: [David.Fiscus@mail.doc.gov](mailto:David.Fiscus@mail.doc.gov)  
For information on future installments of the Basics of  
Exporting Workshops Series, please see page two.

**February 2-5**

**Topic:**

#### STATE OF UTAH TRADE MISSION TO MEXICO

This trade mission will offer valuable connections for  
local businesses wishing to expand into Mexico, one of  
Utah's largest trading partners. The meetings will  
provide an unparalleled opportunity to interface with  
Mexican government officials and the local business  
community.

For additional information or to register, please  
contact Henrique De Agostini, Director of  
International Business for the Americas, via phone:  
801-538-8665 or e-mail: [hdeagostini@utah.gov](mailto:hdeagostini@utah.gov)  
For information on any of the 12 State of Utah 2003  
Trade Missions, please go to the official State Trade  
Mission website: <http://www.trademissions.utah.gov>

**February 4**  
**All Day**

**Topic:**

#### INTERCHANGE INTERNATIONAL EXPORT WORKSHOP

Student (College) Center  
Salt Lake Community College, Redwood Campus  
4600 South Redwood Road, Salt Lake City  
*Various, including evaluating export risks, export sales  
terms, foreign exchange & funds transfer, financing  
methods, calculating export costs & fees*  
Cost: \$60 (per person, in advance); \$70 (at the door  
Feb. 4). Please register by phone: 801/376-7560 or e-  
mail: [IBTEKT@att.net](mailto:IBTEKT@att.net)

**February 8-21**

#### UNIVERSITY OF UTAH SPRING 2003 BUSINESS DELEGATION TO CHINA & THAILAND

The focus of this Academic Outreach and Continuing  
Education-sponsored (AOCE) tour is on developing  
international business opportunities and promoting  
academic exchange programs. Matchmaking  
opportunities with potential distributors/  
representatives can be arranged by the U.S.  
Department of Commerce upon request. Please see  
page two for details.

## Upcoming Events

### UNIVERSITY OF UTAH SPRING 2003 BUSINESS DELEGATION TO CHINA & THAILAND

You are invited to join the University of Utah Academic Outreach and Continuing Education-sponsored (AOCE) Spring 2003 business delegation to China and Thailand. The focus of this tour is on developing international business opportunities and promoting academic exchange programs. As such, the University of Utah Asia Program will assist participants in establishing contact with potential partners, relevant associations, etc. prior to departure. There is also the possibility for Utah businesses to conduct on-site, one-on-one matchmaking meetings with potential partners/representatives.

During the two-week trip (February 8- 21, 2003), delegation members will visit several of the region's significant business areas, including Hong Kong and Bangkok, as well as the cultural sites of Pattaya, Kuming, and Shenzhen. The estimated cost of participation, including airfare, lodging, meals, as well as all ground transportation for stops in China is \$2,500 per person. For additional information or to register, please contact the University of Utah AOCE office (telephone: 801/581-5803 or 801/585-3570; e-mail: [lxue@aoce.utah.edu](mailto:lxue@aoce.utah.edu) or [lreed@aoce.utah.edu](mailto:lreed@aoce.utah.edu)).

*Utah businesses interested in conducting one-on-one meetings with potential partners/representatives on the margins of this trip should contact the U.S. Department of Commerce's Salt Lake City Export Assistance Center (telephone: 801/524-5116 or e-mail: [David.Fiscus@mail.doc.gov](mailto:David.Fiscus@mail.doc.gov)).*

### BASICS OF EXPORTING WORKSHOP SERIES

#### International Trade Finance (Part Three of a Four-Part Series)

Tuesday, January 23, 2002, 2:00-4:30 p.m.  
Salt Lake Chamber of Commerce, Eccles Room  
175 East 400 South, Suite 600, Salt Lake City

#### Topics include:

- Terms of sale & receiving payment
- Financing your export sales

The Basics of Exporting Workshop Series is sponsored by the Salt Lake Chamber of Commerce, the State of Utah District Export Council, the State of Utah International Business Development Office & the U.S. Dept. of Commerce.

## Trade Resources

### NEW FACES AT THE SALT LAKE CITY U.S. EXPORT ASSISTANCE CENTER



#### New Trade Specialist at Salt Lake City USEAC

In October 2002, Dave Fiscus Joined the Salt Lake City USEAC team. He assists current & prospective Utah exporters along the Wasatch Front. Prior to his assignment to Salt Lake City, Dave worked at the U.S. Commercial Service headquarters in Washington, DC, where he managed the

Commercial Service's Western European overseas offices. Dave hails from Bowling Green, Ohio, and holds a B.A. *summa cum laude* in International Studies from Bowling Green State University and an M.A. in International Affairs from The George Washington University. Dave and his wife, Emily, live in Park City.



#### Diplomat in Residence at Salt Lake City USEAC

Commercial Officer John A. Harris has assumed temporary residence with the Salt Lake USEAC while he prepares for his onward assignment in Sao Paulo, Brazil. With years of experience in both the public and private sectors, John is an excellent resource for exporters, especially for those companies hoping to

do, or currently doing business in Latin America. He holds consultations at the Global Management Center on the campus of BYU, and can be reached via phone at 801/442-4802 or e-mail at [John.A.Harris@mail.doc.gov](mailto:John.A.Harris@mail.doc.gov).



## Trade Resources



### HEDGING RISK WHEN SETTING PAYMENT TERMS FOR INTERNATIONAL SALES

If you have ever faced a dilemma in setting terms of payment for international sales, you are not alone. Amid the recent economic downturn in many international markets, U.S. exporters attempting to expand international sales may feel pressured to relax due diligence in setting payment terms, while at the other end of the spectrum, unequivocally embracing too rigid a payment system may hinder realization of promising sales opportunities. In an attempt to resolve this dilemma, there are several questions exporters should ask before setting payment terms (see Table 1).

The first two questions exporters should ask surround the nature of the exporter's relationship with the customer and the nature of the goods in question. If the exporter knows the customer and has a high level of comfort in doing business with him/her, then less conservative sales terms may be in the offing. However, if the export goods are customized to the buyer's preferences, it is more difficult to sell the goods to someone else if the deal goes bad. In the case of customized goods, a greater level of protection vis-à-vis sales terms may be desirable. Likewise, with questions three and four, an export market's relative political and economic stability may compel an exporter to pursue more lenient sales terms, while the inverse political-economic environment may necessitate more conservative terms. It is important to understand that not all of the factors presented here should be given equal weight, and at the end of the day, any ascribed weights boil down to a judgment call on the part of the exporter. For instance, after answering the first four questions, an exporter may have three circles in the L/C column, but once he/she addresses question five "competitors offer more lenient terms", he/she may realize that proposing payment by L/C is a deal breaker because a competitor is offering open account. In cases like these, a decision to sell on less conservative terms will weigh heavily on the opportunity cost of making the sale.

In the cases of the final two questions, again, tradeoffs abound. For example, exporters selling a product such as agricultural commodities or raw materials, whose prices are subject to the whims of the world exchange markets, may choose a confirmed L/C or some other term that allows them to hold buyers to an established price up-front. In other cases, a company's cash flow situation may necessitate operating on a cash in advance or L/C basis.

In essence, the multi-step process presented here is not designed to generate an automatic answer as to what payment terms to pursue, but rather, the goal is to build an increased level of foresight into the export sales process by encouraging exporters to weigh and balance all factors before charting a course of action.

**Table 1. Questions to Ask Before Setting Payment Terms**

	Cash in Advance	Letter of Credit	Collection	Open Account
<b>1. Customer relationship?</b>	New	New	Established	Established
<b>2. Nature of Order?</b>	Custom	Custom	Normal	Normal
<b>3. Political situation?</b>	Unstable	Unstable	Stable	Stable
<b>4. Economic situation?</b>	Unstable	Unstable	Stable	Stable
<b>5. Competitors offer more favorable terms?</b>	No	No	Yes	Yes
<b>6. Risk of price changes?</b>	Yes	Yes	No	No
<b>7. Need to control cash flow?</b>	Yes	Yes	No	No

**Table 2. In Brief: Terms of Trade & Associated Risks**

	Time of Payment	Goods Avail. To Buyer	Risk to Exporter	Risk to Importer
<b>Cash in Advance</b>	Before shipment is made	After payment	None	Relies on exporter to ship goods as ordered
<b>Letter of Credit</b>	When shipment is made	After payment	Very little or none, depending on terms	Assured shipment is made but relies on exporter to ship goods as ordered
<b>Collection</b>	On presentation of draft to buyer	After payment	If draft unpaid, must dispose of goods	Same as L/C unless allowed to inspect goods
<b>Open Account</b>	As agreed	Before payment	Relies on buyer to pay as agreed	None

Content adapted from the December 2002 issue of IOMA's *Managing Exports* report.

## Trade Resources

### **\$1.5 MILLION IN USDOC GRANTS AVAILABLE THROUGH THE SABIT PROGRAM**

SABIT is a U.S. Department of Commerce initiative offering competitive grants to cover a portion of the costs of hosting Eurasian managers and scientists for three to six months of professional training in U.S. business, research, and technology development practices. Organizations can apply to host trainees from Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Any U.S. profit or non-profit organization is eligible. The SABIT Grants Program is ideally suited for small and medium-sized businesses that are new-to-market exporters or first-time exporters looking to establish long-term relationships with potential customers, distributors, and partners. Through participation, organizations develop relationships with potential customers, distributors, and partners that serve to reduce market access barriers and minimize the commercial risks of doing business in Eurasia.

For additional information on how to apply for this opportunity, please contact the Salt Lake U.S. Export Assistance Center at 801/524-5116. The deadline for application is March 1, 2003.

U.S. Department of Commerce  
Salt Lake Export Assistance Center  
324 S. State Street, Suite 221  
Salt Lake City, UT 84111

Penalty for Private Use, \$300

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3. Your ad appears in the new, online PDF version of CNUSA

For additional information contact the Salt Lake City USEAC at 801/524-5116, or Dale Jury, Senior CNUSA Account Executive via phone 1-888-440-9161; e-mail: [djury@tampabay.rr.com](mailto:djury@tampabay.rr.com); or the web: [www.cnewusa.com](http://www.cnewusa.com)



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